

and chills, while timid statesmen were waiting for the country "to grow up" to the volume of the currency. Great Britain poured out her capital in foreign loans, as if untaught by the history of previous losses, and the total securities, floated were calculated at £505,000,000 in 1872 and £624,000,000 in 1873. The number of joint stock companies formed in Great Britain in 1872 was 1116, with a subscribed capital of £130,000,000, and British exports rose from £199,586,000 in 1870 to £255,165,000 in 1873.¹ Prices were inflated on every European bourse, and when the crash came, the fall in securities on the Berlin market alone was estimated, at 131,138,000 thalers. Loans taken in London to the amount, of £614,228,300 were found wholly or partially in default in 1873 to the amount of £332,399,800 of the principal involved.* Stringency was the chronic condition of the money market in the United States during the closing portions of 1872 and the spring and summer of 1873. ^{ne} final crash came with the failure of trust companies in New York and Brooklyn early in September, 1873. They were followed on September 18th by the failure of Jay Cooke and Company, who were agents of the government and had been leaders of the powerful syndicate which had handled the refunding of the public debt. Credit was already greatly overstrained, runs took place on the banks of Washington, Philadelphia, and New York, nineteen banks and trust companies closed on September 19th, and the Stock Exchange was closed for ten days. Failures followed each other in quick succession, mills and foundries stopped, production ceased, and for six years the pall of depressed industry lay over the United

¹ The fact that loans are made chiefly in commodities rather than in currency is an important factor in finance and has had much to do with the development of English trade. The exporter furnishes the commodities, which have for him the character of sales for cash, because the bills which he draws are purchased by lenders of capital, for transmission to the borrowing country in payment for the new securities. The borrowing country, being thus permitted to purchase by the evidences of deferred payments, is able to become a much larger purchaser than would otherwise be the case.—London *Bankers'* Magazine, May, 1892, I/HI., 739.

²Levi, 498.